

Energy Tax Extenders

Extension of Credit for Energy Efficient Existing Homes

- This credit has been extended through 2013 (retroactively from the previous expiration date of December 31, 2011). This means that anyone that undertook the measures described below in 2012 may qualify for this credit!
- **26 USC § 25C - Nonbusiness energy property**
 - **(a) Allowance of credit.** In the case of an individual, there shall be allowed as a credit an amount equal to the sum of --:
 - **(1) 10 percent of the amount paid or incurred** by the taxpayer for qualified energy efficiency improvements installed during such taxable year, and
 - **(2) the amount** of the residential energy property expenditures paid or incurred by the taxpayer during such taxable year.
 - **(b) Limitations**
 - **(1) Lifetime limitation.** The credit shall not exceed the excess (if any) of **\$500** over the aggregate credits allowed under this section with respect to such taxpayer for all prior taxable years ending after December 31, 2005.
 - **(2) Windows.** In the case of amounts paid or incurred for components described in subsection (c)(2)(B), the credit shall not exceed the excess (if any) of **\$200** over the aggregate credits allowed under this section with respect to such amounts for all prior taxable years ending after December 31, 2005.
 - **(3) Limitation on residential energy property expenditures.** Subsection (a)(2) Shall not exceed
 - (A) **\$50** for any advanced main air circulating fan,
 - (B) **\$150** for any qualified natural gas, propane, or oil furnace or hot water boiler, and
 - (C) **\$300** for any item of energy-efficient building property.
 - **(c) Qualified energy efficiency improvements.**
 - **(1) Qualified energy efficiency improvements** means any energy efficient building envelope component where:
 - (A) such component is installed in or on a dwelling unit located in the United States and owned and used by the taxpayer as the taxpayer's principal residence (within the meaning of section [121](#)),
 - (B) the original use of such component commences with the taxpayer, and
 - (C) such component reasonably can be expected to remain in use for at least 5 years.
 - **(2) Building envelope component means**
 - (A) any **insulation material or system** which is specifically and primarily designed to reduce the heat loss or gain of a dwelling unit when installed in or on such dwelling unit,
 - (B) **exterior windows** (including skylights),
 - (C) **exterior doors**, and
 - (D) **any metal roof or asphalt roof** installed on a dwelling unit, but only if such roof has appropriate pigmented coatings or cooling granules which are specifically and primarily designed to reduce the heat gain of such dwelling unit.

- **(3) Manufactured homes included.**
- **(d) Residential energy property expenditures.**
 - **(1) Residential energy property expenditures** means expenditures made by the taxpayer for qualified energy property—
 - **(A)** installed on or in connection with a dwelling unit located in the United States and owned and used by the taxpayer as the taxpayer's principal residence (within the meaning of section [121](#)), and
 - **(B)** originally placed in service by the taxpayer.
 - Such term ***includes expenditures for labor costs*** properly allocable to the onsite preparation, assembly, or original installation of the property.
 - **(2) Qualified energy property means**
 - **(i) energy-efficient building property,**
 - **(ii) a *qualified natural gas, propane, or oil furnace or hot water boiler,***
or
 - **(iii) an *advanced main air circulating fan.***
 - **(3) Energy-efficient building property means**
 - **(A)** an ***electric heat pump water heater*** which yields an energy factor of at least 2.0 in the standard Department of Energy test procedure,
 - **(B)** an ***electric heat pump*** which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2009. ^[1]
 - **(C)** a ***central air conditioner*** which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2009,
 - **(D)** a ***natural gas, propane, or oil water heater*** which has either an energy factor of at least 0.82 or a thermal efficiency of at least 90 percent. ^[2]
 - **(E)** a ***stove which uses the burning of biomass fuel*** to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent.
 - **(4) Qualified natural gas, propane, or oil furnace or hot water boiler** means a natural gas, propane, or oil furnace or hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 95.
 - **(5) Advanced main air circulating fan** means a fan used in a natural gas, propane, or oil furnace and which has an annual electricity use of no more than 2 percent of the total annual energy use of the furnace (as determined in the standard Department of Energy test procedures).
 - **(6) Biomass fuel** means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.
- **(g) Termination.** This section shall not apply with respect to any property placed in service—
 - **(1)** after December 31, 2007, and before January 1, 2009, or
 - **(2)** ~~after December 31, 2011~~ **December 31, 2013.**

Extension of Credit for Alternative Fuel Vehicle Refueling Property

- This credit was extended from December 31, 2011 to December 31, 2013 and effective to property placed in service after December 31, 2011.
- **26 USC § 30C - Alternative fuel vehicle refueling property credit**
 - **(a) Credit allowed.** There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.
 - **(b) Limitation.** The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed
 - **(1)** \$30,000 in the case of a property of a character subject to an allowance for depreciation, and
 - **(2)** \$1,000 in any other case.
 - **(c) Qualified alternative fuel vehicle refueling property** For purposes of this section, the term “qualified alternative fuel vehicle refueling property” has the same meaning as the term “qualified clean-fuel vehicle refueling property” would have under section [179A](#) if—
 - **(1)** paragraph (1) of section [179A \(d\)](#) did not apply to property installed on property which is used as the principal residence (within the meaning of section [121](#)) of the taxpayer, and
 - **(2)** only the following were treated as clean-burning fuels for purposes of section [179A \(d\)](#):
 - **(A)** Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen.
 - **(B)** Any mixture—
 - **(i)** which consists of two or more of the following: biodiesel (as defined in section [40A \(d\)\(1\)](#)), diesel fuel (as defined in section [4083 \(a\)\(3\)](#)), or kerosene, and
 - **(ii)** at least 20 percent of the volume of which consists of biodiesel (as so defined) determined without regard to any kerosene in such mixture.
 - **(C)** Electricity.
 - **(d) Application with other credits**
 - **(1) Business credit treated as part of general business credit.** So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section [38 \(b\)](#) for such taxable year (and not allowed under subsection (a)).
 - **(2) Personal credit.** The credit allowed under subsection (a) (after the application of paragraph (1)) for any taxable year shall not exceed the excess (if any) of—
 - **(A)** the regular tax liability (as defined in section [26 \(b\)](#)) reduced by the sum of the credits allowable under subpart A and section [27](#), over

- **(B)** the tentative minimum tax for the taxable year.
- **(e) Special rules.** For purposes of this section—
 - **(1) Basis reduction.** The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).
 - **(2) Property used by tax-exempt entity.** In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section [50 \(b\)](#) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)). For purposes of subsection (d), property to which this paragraph applies shall be treated as of a character subject to an allowance for depreciation.
 - **(3) Property used outside United States not qualified.** No credit shall be allowable under subsection (a) with respect to any property referred to in section [50 \(b\)\(1\)](#) or with respect to the portion of the cost of any property taken into account under section [179](#).
 - **(4) Election not to take credit.** No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.
 - **(5) Recapture rules.** Rules similar to the rules of section [179A \(e\)\(4\)](#) shall apply.
 - **(6) Special rule for property placed in service during 2009 and 2010.** In the case of property placed in service in taxable years beginning after December 31, 2008, and before January 1, 2011—
 - **(A)** in the case of any such property which does not relate to hydrogen—
 - **(i)** subsection (a) shall be applied by substituting “50 percent” for “30 percent”,
 - **(ii)** subsection (b)(1) shall be applied by substituting “\$50,000” for “\$30,000”, and
 - **(iii)** subsection (b)(2) shall be applied by substituting “\$2,000” for “\$1,000”, and
 - **(B)** in the case of any such property which relates to hydrogen, subsection (b)(1) shall be applied by substituting “\$200,000” for “\$30,000”.
- **(f) Regulations.** The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.
- **(g) Termination.** This section shall not apply to any property placed in service—
 - **(1)** in the case of property relating to hydrogen, after December 31, 2014, and
 - **(2)** in the case of any other property, after ~~December 31, 2011~~ **December 31, 2013**.

Extension of Credit for 2- or 3-Wheeled Plug-In Electric Vehicles

- Previously, this credit was only applied to vehicles with at least 4 wheels. This is now extended to “qualified 2- or 3-wheeled plug-in electric vehicles.” The credit is in the amount of **“the lesser of: (1) 10 percent of the cost of the qualified 2- or 3-wheeled plug-in electric vehicle, or (2)**

\$2,500. This vehicle must be capable of achieving a speed of 45 mph or greater and manufactured for primary use on public streets, roads and highways. It also must be acquired after December 31, 2011, and before January 1, 2014.

- The 4 wheel credit applies to vehicles acquired after December 31, 2009 (the first 200,000 vehicles, with a phase out period after that).

Extension and Modification of Cellulosic Biofuel Producer Credit

- Extends the date for credit from January 1, 2013 to January 1, 2014.
- Algae is now considered a qualified feedstock for this credit; including any cultivated algae, cyanobacteria or lemna.
- The word "Cellulosic" is struck from each of the places it appears in the text of this section of the code and replaced with "second generation."
- **26 USC § 40 Alcohol, etc., used as fuel –**

(6) ~~Cellulosic biofuel~~ "Second generation biofuel" producer credit

- **(A) In general.** The ~~cellulosic biofuel~~ "second generation biofuel" producer credit of any taxpayer is an amount equal to the applicable amount for each gallon of qualified ~~cellulosic biofuel~~ "second generation biofuel" production.
- **(B) Applicable amount.** For purposes of subparagraph (A), the applicable amount means **\$1.01**, except that such amount shall, in the case of ~~cellulosic biofuel~~ "second generation biofuel" which is alcohol, be reduced by the sum of—
 - **(i)** the amount of the credit in effect for such alcohol under subsection (b)(1) (without regard to subsection (b)(3)) at the time of the qualified ~~cellulosic biofuel~~ "second generation biofuel" production, plus
 - **(ii)** in the case of ethanol, the amount of the credit in effect under subsection (b)(4) at the time of such production.
- **(C) Qualified ~~cellulosic biofuel~~ "second generation biofuel" production.** For purposes of this section, the term "qualified cellulosic biofuel production" means any ~~cellulosic biofuel~~ "second generation biofuel" which is produced by the taxpayer, and which during the taxable year—
 - **(i)** is sold by the taxpayer to another person—
 - **(I)** for use by such other person in the production of a qualified ~~cellulosic biofuel~~ "second generation biofuel" mixture in such other person's trade or business (other than casual off-farm production),
 - **(II)** for use by such other person as a fuel in a trade or business, or
 - **(III)** who sells such ~~cellulosic biofuel~~ "second generation biofuel" at retail to another person and places such ~~cellulosic biofuel~~ "second generation biofuel" in the fuel tank of such other person, or

- (ii) is used or sold by the taxpayer for any purpose described in clause (i).
- The qualified ~~cellulosic biofuel~~ “**second generation biofuel**” production of any taxpayer for any taxable year shall not include any alcohol which is purchased by the taxpayer and with respect to which such producer increases the proof of the alcohol by additional distillation.
- **(D) Qualified ~~cellulosic biofuel~~ “second generation biofuel” mixture.** For purposes of this paragraph, the term “qualified ~~cellulosic biofuel~~ “**second generation biofuel**” mixture” means a mixture of cellulosic biofuel and gasoline or of cellulosic biofuel and a special fuel which—
 - (i) is sold by the person producing such mixture to any person for use as a fuel, or
 - (ii) is used as a fuel by the person producing such mixture.
- **(E) ~~cellulosic biofuel~~ “Second generation biofuel”.** For purposes of this paragraph—
 - (i) In general The term ~~cellulosic biofuel~~ “**second generation biofuel**” means any liquid fuel which—
 - ~~(I) is derived by, or from, qualified feedstocks and is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and~~
 - (II) meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act ([42 U.S.C. 7545](#)).
 - (ii) Exclusion of low-proof alcohol. ~~Such term shall not~~ **The term second generation biofuel** include any alcohol with a proof of less than 150. The determination of the proof of any alcohol shall be made without regard to any added denaturants.
 - (iii) Exclusion of certain fuels The term ~~cellulosic biofuel~~ “**second generation biofuel**” shall not include any fuel if—
 - (I) more than 4 percent of such fuel (determined by weight) is any combination of water and sediment,
 - (II) the ash content of such fuel is more than 1 percent (determined by weight), or
 - (III) such fuel has an acid number greater than 25.
- **(F) QUALIFIED FEEDSTOCK.** – For purposes of this paragraph, the term “qualified feedstock” means –
 - (i) any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and
 - (ii) any cultivated algae, cyanobacteria, or lemna.
- **(G) SPECIAL RULES FOR ALGAE.** – In the case of fuel which is derived by, or from, feedstock described in subparagraph (F)(ii) and which is sold by the taxpayer to

another person for refining by such other person into a fuel which meets the requirements of subparagraph (E)(i)(II) and the refined fuel is not excluded under subparagraph (E)(iii) –

- **(i)** such sale shall be treated as described in subparagraph (C)(i),
 - **(ii)** such fuel shall be treated as meeting the requirements of subparagraph (E)(i)(II) and as not being excluded under subparagraph (E)(iii) in the hands of such taxpayer, and
 - **(iii)** except as provided in this subparagraph, such fuel (and any fuel derived from such fuel) shall not be taken into account under subparagraph (C) with respect to the taxpayer or any other person.
- **~~(F)~~ (H) Allocation of ~~cellulosic biofuel~~ “second generation biofuel” producer credit to patrons of cooperative.** Rules similar to the rules under subsection (g)(6) shall apply for purposes of this paragraph.
 - **~~(G)~~ (I) Registration requirement.** No credit shall be determined under this paragraph with respect to any taxpayer unless such taxpayer is registered with the Secretary as a producer of ~~cellulosic biofuel~~ “second generation biofuel” under section [4101](#).
 - **~~(H)~~ (J) Application of paragraph.**
 - **(i) IN GENERAL.** -- This paragraph shall apply with respect to qualified ~~cellulosic biofuel~~ “second generation biofuel” production after December 31, 2008, and before January 1, ~~2013~~ 2014.
 - **(ii) NO CARRYOVER TO CERTAIN YEARS AFTER EXPIRATION.** – If this paragraph ceases to apply for any period by reason of clause (i), rules similar to the rules of subsection (e)(2) shall apply
- **(6) Special rule for ~~cellulosic biofuel~~ “second generation biofuel” producer credit.** No ~~cellulosic biofuel~~ “second generation biofuel” producer credit shall be determined under subsection (a) with respect to any ~~cellulosic biofuel~~ “second generation biofuel” unless such ~~cellulosic biofuel~~ “second generation biofuel” is produced in the United States and used as a fuel in the United States. For purposes of this subsection, the term “United States” includes any possession of the United States.

Extension of Incentives for Biodiesel and Renewable Diesel.

- The amendments made here apply to fuel sold or used after December 31, 2011 and until December 31, 2013.
- **26 USC § 40A - Biodiesel and renewable diesel used as fuel**
 - **(a) General rule** - For purposes of section 38 (general business credit), the biodiesel fuels credit is an amount equal to the sum of—
 - (1) the biodiesel mixture credit, plus
 - **\$1.00** for each gallon of biodiesel used by the taxpayer in the production of a qualified biodiesel mixture.
 - (2) the biodiesel credit, plus

- **\$1.00** for each gallon of biodiesel which is not in a mixture with diesel fuel **and** which during the taxable year—
 - (i) is used by the taxpayer as a fuel in a trade or business, or
 - (ii) is sold by the taxpayer at retail to a person and placed in the fuel tank of such person's vehicle.
- (3) in the case of an eligible small agri-biodiesel producer, the small agri-biodiesel producer credit.
 - **10 cents** for each gallon of qualified agri-biodiesel production of such producer.
- **(g) Termination.** This section shall not apply to any sale or use after ~~December 31, 2011~~ **December 31, 2013.**

• **26 USC § 6426 (c) Excise Tax Credits and Outlay Payments for Biodiesel and Renewable Diesel Fuel Mixtures.**

- **(1) In general.** For purposes of this section, the biodiesel mixture credit is the product of the applicable amount and the number of gallons of biodiesel used by the taxpayer in producing any biodiesel mixture for sale or use in a trade or business of the taxpayer.
- **(2) Applicable amount.** For purposes of this subsection, the applicable amount is **\$1.00**.
- **(3) Biodiesel mixture.** For purposes of this section, the term “biodiesel mixture” means a mixture of biodiesel and diesel fuel (as defined in section [4083 \(a\)\(3\)](#)), determined without regard to any use of kerosene, which—
 - **(A)** is sold by the taxpayer producing such mixture to any person for use as a fuel, or
 - **(B)** is used as a fuel by the taxpayer producing such mixture.
- **(4) Certification for biodiesel.** No credit shall be allowed under this subsection unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product.
- **(5) Other definitions.** Any term used in this subsection which is also used in section [40A](#) shall have the meaning given such term by section [40A](#).
- **(6) Termination.** This subsection shall not apply to any sale, use, or removal for any period after ~~December 31, 2011~~ **December 31, 2013**

• **26 USC § 6427 (e) Excise Tax Credits and Outlay Payments for Biodiesel and Renewable Diesel Fuel Mixtures**

- **(e) Alcohol, biodiesel, or alternative fuel,** Except as provided in subsection (k)—
 - **(1) Used to produce a mixture.** If any person produces a mixture described in section [6426](#) in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alcohol fuel mixture credit or the biodiesel mixture credit or the alternative fuel mixture credit with respect to such mixture.
 - **(2) Alternative fuel.** If any person sells or uses an alternative fuel (as defined in section [6426 \(d\)\(2\)](#)) for a purpose described in section [6426 \(d\)\(1\)](#) in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alternative fuel credit with respect to such fuel.
 - **(3) Coordination with other repayment provisions.** No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel with respect to which an amount is allowed as a credit under section [6426](#).

- **(4) Registration requirement for alternative fuels.** The Secretary shall not make any payment under this subsection to any person with respect to any alternative fuel credit or alternative fuel mixture credit unless the person is registered under section [4101](#).
- **(5) Limitation to fuels with connection to the United States.** No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section [6426 \(i\)](#).
- **(6) Termination.** This subsection shall not apply with respect to—
 - **(A)** any alcohol fuel mixture (as defined in section [6426 \(b\)\(3\)](#)) sold or used after December 31, 2011,
 - **(B)** any biodiesel mixture (as defined in section [6426 \(c\)\(3\)](#)) sold or used after ~~December 31, 2011~~ **December 31, 2013**,
 - **(C)** except as provided in subparagraph (D), any alternative fuel or alternative fuel mixture (as defined in subsection (d)(2) or (e)(3) of section [6426](#)) sold or used after December 31, 2011, and
 - **(D)** any alternative fuel or alternative fuel mixture (as so defined) involving liquefied hydrogen sold or used after September 30, 2014.

Extension of Production Credit for Indian Coal Facilities Place in Service Before 2009.

- This amendment applies to Indian coal produced after December 31, 2012.
- **26 USC § 45 - Electricity produced from certain renewable resources, etc.**
 - **(10) Indian coal production facilities**
 - **(A) Determination of credit amount.** In the case of a producer of Indian coal, the credit determined under this section (without regard to this paragraph) shall be increased by an amount equal to the applicable dollar amount per ton of Indian coal—
 - **(i)** produced by the taxpayer at an Indian coal production facility during the ~~7-year period~~ **8 year period** beginning on ~~January 1, 2006~~ after December 31, 2012, and
 - **(ii)** sold by the taxpayer—
 - **(I)** to an unrelated person, and
 - **(II)** during such ~~7-year period~~ **8 year period** and such taxable year.
 - **(B) Applicable dollar amount**
 - **(i) Applicable dollar amount means**
 - **(I)** \$1.50 in the case of calendar years 2006 through 2009, and
 - **(II)** **\$2.00** in the case of calendar years beginning after 2009.

Extension and Modification of Credits with Respect to Facilities Producing Energy from Certain Renewable Resources - Production Tax Credit!

- **Definition of Municipal Solid Waste** - Paper which is commonly recycled is now excluded from this definition.
- **Definition of Qualified Facility** – previously said that facility must be placed in service after December 31, 1993 and before January 1, 2013. In order to be considered a qualified investment credit facility to be an energy property, the property must now be placed in service

after 2008 and begin construction prior to January 1, 2014 (and meet the definitions described here)

- This new definition applies to **wind facilities, closed loop biomass facilities, open loop biomass facilities, geothermal facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities.**
- For **closed loop biomass facilities**, modification means if the construction of such modification begins before January 1, 2014.
- For **incremental hydropower production**, an efficiency improvement or addition to capacity shall be treated as “placed in service before January 1, 2014,” if the construction of such improvement or addition begins before such date.

Extension of Credit for Energy Efficient New Homes

- The amendments apply to homes acquired after December 31, 2011 and before December 31, 2013.
- Non-manufactured homes receive a **\$2,000** credit and manufactured homes receive a **\$1,000** credit.
- The energy savings requirements must be achieved because they are in compliance with the 2006 International Energy Conservation Code (rather than the 2003 version)

Extension of Credit for Energy-Efficient Appliances.

- This credit previously applied only to energy efficient appliances in the years 2011 and earlier. Applies to dishwashers, clothes washers and refrigerators.
- Changes here apply to appliances produced after December 31, 2011
- **(b) Applicable Amount.**
 - **(1) Dishwashers The applicable amount is—**
 - **(D) \$50** in the case of a dishwasher which is manufactured in calendar year ~~2011~~ **2011, 2012 or 2013**, and which uses no more than 295 kilowatt hours per year and 4.25 gallons per cycle (4.75 gallons per cycle for dishwashers designed for greater than 12 place settings), and
 - **(E) \$75** in the case of a dishwasher which is manufactured in calendar year ~~2011~~ **2011, 2012 or 2013**, and which uses no more than 280 kilowatt hours per year and 4 gallons per cycle (4.5 gallons per cycle for dishwashers designed for greater than 12 place settings).
 - **(2) Clothes washers - The applicable amount is—**
 - **(F) \$225** in the case of a clothes washer manufactured in calendar ~~2011~~ **2011, 2012 or 2013—**
 - **(i)** which is a top-loading clothes washer and which meets or exceeds a 2.4 modified energy factor and does not exceed a 4.2 water consumption factor, or
 - **(ii)** which is a front-loading clothes washer and which meets or exceeds a 2.8 modified energy factor and does not exceed a 3.5 water consumption factor.
 - **(3) Refrigerators - The applicable amount is—**
 - **(E) \$150** in the case of a refrigerator manufactured in calendar year ~~2011~~ **2011, 2012 or 2013** which consumes at least 30 percent less energy than the 2001 energy conservation standards, and

- **(F) \$200** in the case of a refrigerator manufactured in calendar year ~~2011~~ **2011, 2012 or 2013** which consumes at least 35 percent less energy than the 2001 energy conservation standards.

Extension and Modification of Special Allowance for Cellulosic Biofuel Plant Property.

- This amendment extends the placed in service allowance from January 1, 2013 to January 1, 2014 (property placed in service after December 31, 2012).
- Again, algae is treated as a qualified feedstock for purposes of bonus depreciation for biofuel plant property (cellulosic is replaced with “second generation”).

Extension of Special Rule for Sales or Dispositions to Implement FERC or State Electric Restructuring Policy for Qualified Electric Utilities.

- Deadline to do this (qualifying electric transmission transaction) is extended from January 1, 2012 to January 1, 2014. This amendment applies to dispositions made after December 31, 2011

Extension of Alternative Fuels Excise Tax Credits.

- The Credits listed below are extended from December 31, 2011 to December 31, 2013.
- **26 USC § 6426 - Credit for alcohol fuel, biodiesel, and alternative fuel mixtures**
 - **(d) Alternative fuel credit**
 - **(1) In general** For purposes of this section, the alternative fuel credit is the product of 50 cents and the number of gallons of an alternative fuel or gasoline gallon equivalents of a nonliquid alternative fuel sold by the taxpayer for use as a fuel in a motor vehicle or motorboat, sold by the taxpayer for use as a fuel in aviation, or so used by the taxpayer.
 - **(2) Alternative fuel** For purposes of this section, the term “alternative fuel” means—
 - **(A)** liquefied petroleum gas,
 - **(B)** P Series Fuels (as defined by the Secretary of Energy under section [13211 \(2\)](#) of title [42](#), United States Code),
 - **(C)** compressed or liquefied natural gas,
 - **(D)** liquefied hydrogen,
 - **(E)** any liquid fuel which meets the requirements of paragraph (4) and which is derived from coal (including peat) through the Fischer-Tropsch process,
 - **(F)** compressed or liquefied gas derived from biomass (as defined in section [45K \(c\)\(3\)](#)), and
 - **(G)** liquid fuel derived from biomass (as defined in section [45K \(c\)\(3\)](#)).
Such term does not include ethanol, methanol, biodiesel, or any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp.
 - **(3) Gasoline gallon equivalent** For purposes of this subsection, the term “gasoline gallon equivalent” means, with respect to any nonliquid alternative fuel, the amount of such fuel having a Btu content of 124,800 (higher heating value).
 - **(4) Carbon capture requirement**
 - **(A) In general.** The requirements of this paragraph are met if the fuel is certified, under such procedures as required by the Secretary, as having been derived from coal produced at a gasification facility which

separates and sequesters not less than the applicable percentage of such facility's total carbon dioxide emissions.

- **(B) Applicable percentage** For purposes of subparagraph (A), the applicable percentage is—
 - **(i)** 50 percent in the case of fuel produced after September 30, 2009, and on or before December 30, 2009, and
 - **(ii)** 75 percent in the case of fuel produced after December 30, 2009.
- **(5) Termination** This subsection shall not apply to any sale or use for any period after ~~December 31, 2011~~ **December 31, 2013** (September 30, 2014, in the case of any sale or use involving liquefied hydrogen).
- **(e) Alternative fuel mixture credit**
 - **(1) In general.** For purposes of this section, the alternative fuel mixture credit is the product of **50 cents** and the number of gallons of alternative fuel used by the taxpayer in producing any alternative fuel mixture for sale or use in a trade or business of the taxpayer.
 - **(2) Alternative fuel mixture** For purposes of this section, the term **“alternative fuel mixture”** means a mixture of alternative fuel and taxable fuel (as defined in subparagraph (A), (B), or (C) of section [4083 \(a\)\(1\)](#)) which—
 - **(A)** is sold by the taxpayer producing such mixture to any person for use as fuel, or
 - **(B)** is used as a fuel by the taxpayer producing such mixture.
 - **(3) Termination** This subsection shall not apply to any sale or use for any period ~~December 31, 2011~~ **December 31, 2013** (September 30, 2014, in the case of any sale or use involving liquefied hydrogen).
- **26 USC § 6426 (e) Alcohol, biodiesel, or alternative fuel.** Except as provided in subsection (k)—
 - **(1) Used to produce a mixture.** If any person produces a mixture described in section [6426](#) in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alcohol fuel mixture credit or the biodiesel mixture credit or the alternative fuel mixture credit with respect to such mixture.
 - **(2) Alternative fuel.** If any person sells or uses an alternative fuel (as defined in section [6426 \(d\)\(2\)](#)) for a purpose described in section [6426 \(d\)\(1\)](#) in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alternative fuel credit with respect to such fuel.
 - **(3) Coordination with other repayment provisions.** No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel with respect to which an amount is allowed as a credit under section [6426](#).
 - **(4) Registration requirement for alternative fuels.** The Secretary shall not make any payment under this subsection to any person with respect to any alternative fuel credit or alternative fuel mixture credit unless the person is registered under section [4101](#).
 - **(5) Limitation to fuels with connection to the United States.** No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section [6426 \(i\)](#).
 - **(6) Termination.** This subsection shall not apply with respect to—

- **(A)** any alcohol fuel mixture (as defined in section [6426 \(b\)\(3\)](#)) sold or used after December 31, 2011,
- **(B)** any biodiesel mixture (as defined in section [6426 \(c\)\(3\)](#)) sold or used after ~~December 31, 2011~~ **December 31, 2013**,
- **(C)** except as provided in subparagraph (D), any alternative fuel ~~or alternative fuel mixture (as defined in subsection (d)(2) or (e)(3) of section [6426](#))~~ **(as defined in section 6426(d)(2))** sold or used after ~~December 31, 2011~~ **December 31, 2013**, and
- **(D)** any alternative fuel ~~or alternative fuel mixture~~ (as so defined) involving liquefied hydrogen sold or used after September 30, 2014, **and**
- **(E)** any alternative fuel mixture (as defined in section 6426(e)(2)) sold or used after **December 31, 2011."**.

Other:

- The \$110 billion automatic sequester (8.2% for domestic discretionary programs, such as SEP and WAP) was delayed until the end of February.
- The legislation also included a short-term Farm Bill extension through 9/30/13, but did not extend the energy title provisions of the old Farm Bill.

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